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No. 2012/034

August 28, 2012

TO COUNTY ASSESSORS:

2013-2014 INCOME LEVELS FOR THE WELFARE EXEMPTION

The listings reflecting the various income levels of households to qualify for the Welfare Exemption are developed by the California Department of Housing and Community Development (HCD). By statute, HCD obtains certain information from the U.S. Department of Housing and Urban Development (HUD) to compile the household income levels to be used by county assessors.

Enclosed are the *Moderate Income Family Household Income Limits* (Attachment A) and *Lower Income Family Household Income Limits* (Attachment B) listings issued by HCD which are to be used for affidavits filed for the 2013-2014 claim year. The moderate income limits should be used for elderly or handicapped rental housing eligible for the Welfare Exemption under Revenue and Taxation Code¹ section 214(f). The lower income limits should be used for low-income rental housing eligible for the Welfare Exemption as provided in section 214(g).

The claimant is required to file affidavits listing the income levels of the tenants for the exemption. The tenant income levels should be reviewed and compared to the enclosed income limits to determine the portion of the property that is eligible for the Welfare Exemption. Determination of qualifying units should be based on the use of the property on the lien date. In all cases, the exemption from property tax is available only to the extent that the household incomes of families do not exceed the specified limits, and the rents are within the prescribed limits in the statute or regulatory agreement.

Welfare Exemption – Elderly and Handicapped Rental Housing

Section 214(f) provides that the Welfare Exemption is available for property used exclusively for housing and related facilities for elderly or handicapped families, provided that the property is owned and operated by qualifying organizations meeting all the requirements of section 214 under any of the following:

1. Care is provided such as skilled nursing or convalescent care; or services are provided to residents such as meals, transportation, and staff on premises available to assist residents.
2. The housing project is financed by the federal government pursuant to one of the following sections:
 - Section 202 of Public Law 86-372 (12 U.S.C. Sec. 1701q)

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

- Section 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v)
 - Section 236 of Public Law 90-448 (12 U.S.C. Sec. 1715z)
 - Section 811 of Public Law 101-625 (42 U.S.C. Sec. 8013)
3. The property is used for housing and related facilities for low- and moderate-income elderly or handicapped families.

If the claimant does not provide supplemental care or services and the property is not financed by the federal government, the property may qualify for the Welfare Exemption under section 214(f) only to the extent that the property is used for housing and related facilities for low and moderate-income elderly or handicapped families. A home for the handicapped may include persons who are not elderly, such as housing for physically or mentally disabled. Nursing homes, sanitariums, etc., also may be eligible for exemption under section 214(f).

Low and moderate-income has the same meaning as the term "persons and families of low or moderate-income" as defined by section 50093 of the Health and Safety Code. Property which would otherwise be exempt, except that it includes some housing and related facilities for other than low or moderate-income elderly or handicapped families, is entitled to a partial exemption. While limited partnership property may qualify for exemption as low-income housing under section 214(g), it cannot qualify for exemption under section 214(f).

Supplemental claim form BOE-267-H, *Welfare Exemption Supplemental Affidavit, Housing – Elderly or Handicapped Families*, provides the procedures that should be used to administer the income requirements. The claim form is to be filed on an annual basis to document the units that are eligible for the exemption. In order to be eligible for the exemption, the units must be rented within the prescribed rental levels to low or moderate-income family households that do not exceed the maximum levels allowed.

Welfare Exemption – Low-Income Rental Housing

Section 214(g) provides an exemption for property owned and operated by qualifying organizations used exclusively for rental housing occupied by lower income households. Qualifying organizations include nonprofit funds, foundations, corporations, limited liability companies, and limited partnerships with an eligible managing general partner. Low-income housing owned and operated by a limited partnership that includes for-profit partners may still be eligible for the Welfare Exemption if the managing general partner is an eligible nonprofit organization, or an eligible limited liability company that meets all the requirements for exemption in section 214(a) and has sufficient management authority and duties in the partnership operations.

Limited partnerships filing an exemption claim for low-income housing must certify and ensure that there is an enforceable and verifiable agreement with a public agency (regulatory agreement) or a recorded deed restriction that restricts the property for rental to low-income households. Low-income housing owned and operated by nonprofit corporations may be

restricted with a regulatory agreement, deed restriction, or through the use of an *other legal document*.²

Under section 214(g)(1)(C), nonprofit organizations using an other legal document to restrict their property are subject to an exemption cap. A single property or multiple properties for any fiscal year may not exceed \$20,000 of tax. This limitation on the exemption of \$20,000 of tax applies solely to low-income housing properties owned by nonprofit organizations that are not financed by government loans, as specified in section 214(g)(1)(A), or do not receive low-income housing tax credits as provided in section 214(g)(1)(B). A limited partnership, with an eligible managing general partner, cannot claim the exemption through an other legal document which restricts property usage and rent levels [section 214(g)(1)(C).]

Supplemental claim form BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing—Lower-Income Households*, should be used to administer the income requirements on low-income housing property owned and operated by a nonprofit corporation or eligible limited liability company. Supplemental claim form BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Low-Income Housing Property of Limited Partnership*, should be used to administer the income requirements on low-income housing owned and operated by a limited partnership. The claim forms are to be filed annually to document the units eligible for the exemption. Eligible units are defined as those rented within the prescribed rent levels to low-income family households whose annual income does not exceed the maximum levels allowed. These supplemental claim forms must also be filed annually to certify that the property satisfies the requirements of section 214(g).

Additionally, a qualifying organization claiming exemption under section 214(g)(1)(C) using an other legal document must complete Part E of form BOE-267-L to provide information concerning those properties subject to the \$20,000 tax exemption. The claimants must list all the counties in which such properties are located and the dollar amount of tax exemption, up to the \$20,000 cap, to be applied for each property.³

All assessors' offices must provide the Board with a list of properties on which all or a portion of the \$20,000 tax exemption cap has been applied and the tax dollar amount applied to each property. The Board will conduct a statewide match by corporate name and identification number to verify that the \$20,000 tax exemption cap has not been exceeded. The results of the matching process will be provided to those assessors' offices where the limit has been exceeded so that action can be taken to resolve the issue.

The property is entitled to an exemption of an amount equal to the percentage of the property serving low-income households. The exemption amount should be applied to the property's assessed value. Vacant units may also qualify for exemption if the units are restricted by a deed, regulatory agreement, or other legal document. These documents are required to restrict the property usage to low-income housing by expressly stating that:

² See Property Tax Rule 140, *Welfare Exemption Requirements for Low-Income Housing Properties*, for a definition of *other legal documents*.

³ A limited partnership, with an eligible managing general partner, cannot claim the exemption through an *other legal document*.

The units designated for use by low-income households are continuously available to or occupied by lower income households at rents within the prescribed limits of the statutes or regulatory agreements.

If you have questions regarding the enclosed income levels or questions concerning the exemptions described in this letter, please contact the County-Assessed Properties Division at 916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:mds
Enclosures

MODERATE INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2013
WELFARE EXEMPTION--HOMES FOR THE ELDERLY/HANDICAPPED
 (To be used for Affidavits to filed in 2013)

Number of Persons in Family								
County	1	2	3	4	5	6	7	8
Alameda	78550	89750	101000	112200	121200	130150	139150	148100
Alpine	71250	81400	91600	101750	109900	118050	126150	134300
Amador	56900	65000	73150	81250	87750	94250	100750	107250
Butte	49300	56350	63400	70450	76100	81700	87350	93000
Calaveras	58550	66900	75300	83650	90350	97050	103750	110400
Colusa	48650	55600	62550	69500	75050	80600	86200	91750
Contra Costa	78550	89750	101000	112200	121200	130150	139150	148100
Del Norte	48650	55600	62550	69500	75050	80600	86200	91750
El Dorado	63900	73050	82150	91300	98600	105900	113200	120500
Fresno	48650	55600	62550	69500	75050	80600	86200	91750
Glenn	48650	55600	62550	69500	75050	80600	86200	91750
Humboldt	48650	55600	62550	69500	75050	80600	86200	91750
Imperial	48650	55600	62550	69500	75050	80600	86200	91750
Inyo	55000	62900	70750	78600	84900	91200	97450	103750
Kern	48650	55600	62550	69500	75050	80600	86200	91750
Kings	48650	55600	62550	69500	75050	80600	86200	91750
Lake	48650	55600	62550	69500	75050	80600	86200	91750
Lassen	51850	59250	66650	74050	79950	85900	91800	97750
Los Angeles	54450	62200	70000	77750	83950	90200	96400	102650
Madera	48650	55600	62550	69500	75050	80600	86200	91750
Marin	86500	98900	111250	123600	133500	143400	153250	163150
Mariposa	50000	57100	64250	71400	77100	82800	88550	94250
Mendocino	48650	55600	62550	69500	75050	80600	86200	91750
Merced	48650	55600	62550	69500	75050	80600	86200	91750
Modoc	48650	55600	62550	69500	75050	80600	86200	91750
Mono	63400	72500	81550	90600	97850	105100	112350	119600
Monterey	57700	65950	74200	82450	89050	95650	102250	108850
Napa	72300	82650	92950	103300	111550	119850	128100	136350
Nevada	60950	69700	78400	87100	94050	101050	108000	114950
Orange	71650	81900	92100	102350	110550	118750	126900	135100
Placer	63900	73050	82150	91300	98600	105900	113200	120500
Plumas	48650	55600	62550	69500	75050	80600	86200	91750
Riverside	53150	60750	68350	75950	82050	88100	94200	100250
Sacramento	63900	73050	82150	91300	98600	105900	113200	120500
San Benito	66600	76100	85650	95150	102750	110350	118000	125600
San Bernardino	53150	60750	68350	75950	82050	88100	94200	100250
San Diego	63750	72900	82000	91100	98400	105700	112950	120250
San Francisco	86500	98900	111250	123600	133500	143400	153250	163150
San Joaquin	55700	63650	71600	79550	85900	92300	98650	105000
San Luis Obispo	63350	72400	81450	90500	97750	105000	112200	119450
San Mateo	86500	98900	111250	123600	133500	143400	153250	163150
Santa Barbara	61550	70350	79150	87950	95000	102000	109050	116100
Santa Clara	88200	100800	113400	126000	136100	146150	156250	166300
Santa Cruz	73100	83500	93950	104400	112750	121100	129450	137800
Shasta	49550	56650	63700	70800	76450	82150	87800	93450
Sierra	60300	68900	77550	86150	93050	99950	106850	113700
Siskiyou	48650	55600	62550	69500	75050	80600	86200	91750
Solano	69350	79300	89200	99100	107050	114950	122900	130800
Sonoma	69350	79300	89200	99100	107050	114950	122900	130800
Stanislaus	52100	59500	66950	74400	80350	86300	92250	98200
Sutter	49900	57050	64150	71300	77000	82700	88400	94100
Tehama	48650	55600	62550	69500	75050	80600	86200	91750
Trinity	48650	55600	62550	69500	75050	80600	86200	91750
Tulare	48650	55600	62550	69500	75050	80600	86200	91750
Tuolumne	56050	64050	72050	80050	86450	92850	99250	105650
Ventura	75000	85700	96450	107150	115700	124300	132850	141450
Yolo	64600	73850	83050	92300	99700	107050	114450	121850
Yuba	49900	57050	64150	71300	77000	82700	88400	94100

**LOWER INCOME FAMILY HOUSEHOLD INCOME LIMITS FOR 2013
WELFARE EXEMPTION--LOW INCOME HOUSING**

(To be used with Affidavits filed in 2013)

County	Number of Persons in Family							
	1	2	3	4	5	6	7	8
Alameda	45750	52300	58850	65350	70600	75850	81050	86300
Alpine	41550	47450	53400	59300	64050	68800	73550	78300
Amador	37950	43350	48750	54150	58500	62850	67150	71500
Butte	32900	37600	42300	46950	50750	54500	58250	62000
Calaveras	39050	44600	50200	55750	60250	64700	69150	73600
Colusa	32450	37050	41700	46300	50050	53750	57450	61150
Contra Costa	45750	52300	58850	65350	70600	75850	81050	86300
Del Norte	32450	37050	41700	46300	50050	53750	57450	61150
El Dorado	42650	48750	54850	60900	65800	70650	75550	80400
Fresno	32450	37050	41700	46300	50050	53750	57450	61150
Glenn	32450	37050	41700	46300	50050	53750	57450	61150
Humboldt	32450	37050	41700	46300	50050	53750	57450	61150
Imperial	32450	37050	41700	46300	50050	53750	57450	61150
Inyo	36700	41950	47200	52400	56600	60800	65000	69200
Kern	32450	37050	41700	46300	50050	53750	57450	61150
Kings	32450	37050	41700	46300	50050	53750	57450	61150
Lake	32450	37050	41700	46300	50050	53750	57450	61150
Lassen	34550	39500	44450	49350	53300	57250	61200	65150
Los Angeles	47250	54000	60750	67450	72850	78250	83650	89050
Madera	32450	37050	41700	46300	50050	53750	57450	61150
Marin	62200	71050	79950	88800	95950	103050	110150	117250
Mariposa	33350	38100	42850	47600	51450	55250	59050	62850
Mendocino	32450	37050	41700	46300	50050	53750	57450	61150
Merced	32450	37050	41700	46300	50050	53750	57450	61150
Modoc	32450	37050	41700	46300	50050	53750	57450	61150
Mono	41800	47800	53750	59700	64500	69300	74050	78850
Monterey	38750	44300	49850	55350	59800	64250	68650	73100
Napa	45500	52000	58500	65000	70200	75400	80600	85800
Nevada	40700	46500	52300	58100	62750	67400	72050	76700
Orange	53950	61650	69350	77050	83250	89400	95550	101750
Placer	42650	48750	54850	60900	65800	70650	75550	80400
Plumas	32450	37050	41700	46300	50050	53750	57450	61150
Riverside	37550	42900	48250	53600	57900	62200	66500	70800
Sacramento	42650	48750	54850	60900	65800	70650	75550	80400
San Benito	44450	50800	57150	63450	68550	73650	78700	83800
San Bernardino	37550	42900	48250	53600	57900	62200	66500	70800
San Diego	45000	51400	57850	64250	69400	74550	79700	84850
San Francisco	62200	71050	79950	88800	95950	103050	110150	117250
San Joaquin	37150	42450	47750	53050	57300	61550	65800	70050
San Luis Obispo	42250	48250	54300	60300	65150	69950	74800	79600
San Mateo	62200	71050	79950	88800	95950	103050	110150	117250
Santa Barbara	42500	48600	54650	60700	65600	70450	75300	80150
Santa Clara	53000	60600	68150	75700	81800	87850	93900	99950
Santa Cruz	53700	61350	69000	76650	82800	88950	95050	101200
Shasta	33050	37800	42500	47200	51000	54800	58550	62350
Sierra	37550	42900	48250	53600	57900	62200	66500	70800
Siskiyou	32450	37050	41700	46300	50050	53750	57450	61150
Solano	45500	52000	58500	65000	70200	75400	80600	85800
Sonoma	45500	52000	58500	65000	70200	75400	80600	85800
Stanislaus	34750	39700	44650	49600	53600	57550	61550	65500
Sutter	33250	38000	42750	47500	51300	55100	58900	62700
Tehama	32450	37050	41700	46300	50050	53750	57450	61150
Trinity	32450	37050	41700	46300	50050	53750	57450	61150
Tulare	32450	37050	41700	46300	50050	53750	57450	61150
Tuolumne	36800	42050	47300	52550	56800	61000	65200	69400
Ventura	47400	54150	60900	67650	73100	78500	83900	89300
Yolo	43050	49200	55350	61500	66450	71350	76300	81200
Yuba	33250	38000	42750	47500	51300	55100	58900	62700